

REPORT OF THE 45TH SESSION OF THE ITC JOINT ADVISORY GROUP MEETING

ITC mission:

ITC enables small business export success in developing and transition countries by providing, with partners, sustainable and inclusive trade development solutions to the private sector, trade support institutions and policymakers.

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Forty-fifth session

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OPENING SESSION

1. H.E. Ambassador Darlington Mwape, (Zambia), chair of the 44th session of the JAG, opening the 45th session. In common with all speakers at the session, on behalf of the JAG, he extended heartfelt condolences to ITC Executive Director Mrs. Patricia Francis, who was absent from the session due to recent bereavement.

2. Ambassador Mwape said that since the last JAG meeting in December 2010, ITC had continued to execute its responsibilities based on the priorities set out in the 2010-2013 Strategic Plan. He said he was confident that the recent focus in ITC on impact and results by setting realistic goals in cooperation with beneficiary country partners would ensure that programmes responded to the immediate needs of those for whom the organization was established.

3. Concluding his introductory remarks, Ambassador Mwape invited the incoming Chair, His Excellency Mr. Hisham M. Badr of the Arab Republic of Egypt, to take his position as Chair of the 45th JAG meeting.

Opening remarks by the Chair of the 45th Session, H.E. Hisham M. Badr

4. Ambassador Badr opened his remarks by thanking Mr. Pascal Lamy, Director-General of the World Trade Organization (WTO) for hosting the 45th JAG at WTO headquarters. He also welcomed Dr. Supachai Panitchpakdi, Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) to the meeting.

5. He said that before discussing the main objective and details of our meeting, he would like to say a few words on the historical moment the world is witnessing today, and how ITC resources could best be utilized to support the aspirations of countries, both governments and populations, for economic growth, development, freedom and social justice.

6. The Arab World was passing through a historic phase which offered both opportunities and challenges. People in the region and beyond were looking forward to creating a brighter future in which aspirations of democracy, human rights, development, and social justice were realized. A key challenge that all countries undergoing such transition faced today was to stimulate the economy and all its productive capacities, in addition to attracting private and foreign investments, with a view to create the needed work opportunities for the millions of unemployed and new entrants in the job market.

7. The Ambassador said he had no doubt that ITC had an important role to play in this regard, to assist all countries during these challenging times in achieving their objectives.

8. He stressed that the main objective of the meeting was to discuss ITC's work programmes through the 2010 Annual Report. There would also be an opportunity to invite contributors to announce their extrabudgetary contributions for the year to come, and to have panel discussions on follow-up to the LDC IV meeting in Istanbul, and EIF project formulation.

Statement by Mr. Pascal Lamy, Director-General, WTO

9. Mr. Lamy focused his intervention on what he considered to be the ultimate objective of the organizations' work: ensuring that trade delivers sustainable quality growth for developing and least-developed countries.

10. He said that in the six months since the last JAG meeting, there had been a number of important developments both within WTO and globally. Major changes were occurring in many Arab countries, and economic opportunities and prospects for a better life were at the heart of many of these movements. He welcomed ITC's move to take a lead in providing trade-related assistance to countries concerned as a means of contributing to their recovery.

11. Turning to the Doha Round, Mr. Lamy said that although some 80% of the negotiations had been concluded, unfortunately further progress had stalled because of disagreements in the key area of market access for industrial products among a few members. Since April, WTO's focus had been to consult members on the elements of a smaller package that could be harvested by the end of the year, focusing as a priority on the least-developed members of WTO. Adopting such a package would send a strong message about the commitment of WTO members to deliver on the promises made in Istanbul earlier this year. Foregoing these opportunities would mean that Members were not prepared to 'put their money where their mouth is' – it would be a serious breach of trust.

12. Discussing the LDV-IV meeting in Istanbul, Mr. Lamy said the Conference had shown the importance of the service sector for the economies of developing and least-developed members, starting with tourism. He had been pleased to participate in the ITC World Export Development Forum (WEDF) event focused on tourism services.

13. Mr. Lamy said that a key event in 2011 would be the Aid for Trade Global Review next month. It would be an opportunity to survey what had been achieved since the initiative was launched at the Hong Kong Ministerial Conference in December 2005. He said positive results could be demonstrated in a number of areas: first, in terms of resources mobilized. Aid for Trade flows had increased by 60% in real terms, but not at the expense of other forms of aid. Total funding stood at approximately US\$ 40 billion in 2009, and the amount going to Africa had grown by approximately 20% per year since 2005 to reach more than US\$ 16 billion in 2009. Progress had also been made in mainstreaming trade into national planning frameworks, and a survey carried out for the Review showed that the initiative was having a major impact on the ground.

14. Mr. Lamy stressed that enhancing the role of trade within national strategies required policy measures that recognized the need for an inclusive process that valued the inputs of all stakeholders. For example, unless the private sector was on board, national productivity and competitiveness would be undermined. WTO and ITC were working with regional partners to enhance the capacity of African business to play a more active role in trade policy.

Statement by Dr. Supachai Panitchpakdi, Secretary-General, UNCTAD

15. Dr. Supachai said that the unanimous message coming from a recent UNCTAD symposium was that the global economy was not yet out of danger. There were many pitfalls lying in wait and many hurdles to cross before real recovery sets in. While some emerging economies were doing well and seeing their GDP surpass pre-crisis levels, the situation in the developed economies was quite serious. The world needed to be ready to confront new spectres and challenges that were emerging. The threat posed by the sovereign debts of advanced countries was quite phenomenal, Dr Supachai said. If it burst, it would have the same impact as the sub-prime crisis. "The lights will be out again."

16. The UNCTAD Secretary-General said unemployment in industrial countries was still at crisis levels. There were problems of liquidity and inflation, and the issue of food prices was becoming more of a scenario for crisis. He noted that the UN Food and Agriculture Organization (FAO) food price index had been extremely high since the start of the year, even if recently it had dropped back from its peak in February. The situation of the LDCs was particularly critical: they were not involved in the origin of the crisis, and many had been doing well in growth and in expanding their exports, but this had collapsed and indebtedness had increased alarmingly, which could be exacerbated by the food price crisis.

17. Dr. Supachai said that against this background, the work of ITC in supporting the private sector in LDCs was very important. Capacity building was particularly required. One area that had emerged at the World Export Development Forum (WEDF), held as a side event to the LDC-IV Conference in Istanbul earlier this year, was the tourism sector as a generator of very significant export earnings for LDCs. ITC should continue working with private sector operators to develop tourism in these countries.

Statement by Mr. Jean-Marie Paugam, Deputy Executive Director, ITC

18. Mr. Paugam opening by underlining ITC's mission to support WTO, UNCTAD and other international organizations in promoting a more equitable, sustainable and inclusive international trading system. Inclusiveness required development strategies that allowed people to contribute to and benefit from sustainable, quality economic growth. ITC strove to make four significant and innovative contributions to building more inclusiveness into the world trading system, for the benefit of the poorest.

19. The first of these was access to information. Getting free access to market information was the first prerequisite to allow poor people to participate in the world trade system and take advantage of its opportunities. In this area, ITC continued its traditional work in offering cutting-edge information on trade and tariffs to small and medium-sized enterprises (SMEs) and trade support institutions (TSIs), and at the same time was developing a significant new programme dealing with obstacles to trade both domestically and beyond borders. The organization was very much aware that non-tariff measures and private standards were the next frontiers to explore. ITC was also working on its role in the area of trade in services.

20. The second major contribution concerned access to decision-making tools. This involved working to activate the use of the market information provided to empower external trade constituencies and authorities in making decisions. This included building constituencies for external trade by empowering TSIs in developing countries, helping organize dialogues between private-sector actors and governments, cooperating with regional integration secretariats, and mainstreaming a gender focus in projects to promote the role of women in trade-related decision-making bodies.

21. The third contribution involved access to markets, which was a key to sustainable job creation. ITC was helping to build the capacities of developing countries to obtain access to markets by working on preparations for WTO accessions, helping SMEs in the commodities sector to climb up the value chain and find new markets, and by supporting the integration of poor countries' producers into major international value chains.

22. The fourth contribution concerned access to income, recognizing that while promoting exports helps promote growth, it does not automatically contribute to poverty alleviation or inclusive growth. Too often, the incomes derived from increases world trade do not trickle down to the poorest sectors of society, such as women and young people, Mr. Paugam said.

23. Looking ahead to the key challenges for ITC in 2011 from the perspective of inclusiveness, he identified the first challenge as being how to improve the situation of the poorest, especially in the LDCs. Responding to this challenge, he noted that ITC was living up to its commitment to dedicate more than 50% of its project portfolio and activities to the LDCs, land-locked developing countries (LLDCs), small island developing states (SIDS) and sub-Saharan Africa (SSA). Following the LDC IV Conference, ITC was partnering with the United Nations World Tourism Organization to concentrate on promotion of tourism. ITC also intended to strengthen its partnerships with other UN organizations and initiatives, in particular the Enhanced Integrated Framework.

24. The second major challenge was the economic impact of current political transitions on the African continent. The greatest challenge for the Arab economies and nascent democracies was to manage economic recovery and economic transition at the same time. To contribute to the process ITC had stayed closely engaged with its TSI partners in the region, had intensified its dialogue with Arab countries, and was working to design a new programme for Sustainable Employment through Export Development (SEED).

25. Turning to Côte d'Ivoire, Mr. Paugam reported that following a suspension of all operations, ITC had been contacted by the new government and asked to renew its cooperation. A technical mission would be visiting Abidjan shortly to review the situation and formulate project proposals.

Annual Report of the activities of ITC in 2010

Introduction by Mr. Jean-Marie Paugam, Deputy Executive Director

26. Mr. Paugam said that growth in ITC's delivery in 2010 had been satisfactory and sustained, with a 13% expansion compared to 2009. The target of US\$ 40 million gross had been exceeded, and 55% of delivery had been focused on the LDCs, LLDCs, SIDS and SSA. He said that analysis of performance by region appeared to show expenditure in some regions as low, but the raw figures concealed the fact that several multi-region projects were active in those regions.

27. Mr. Paugam described the highlights of 2010 in four areas: quality management, new programmes, customer satisfaction and corporate events. In quality management, he said good progress had been made in embedding and implementing results-based management (RBM). Among new programmes launched he singled out Women and Trade, Poor Communities and Trade, and Trade, Climate Change and Environment. On customer satisfaction, he noted that 70% of clients reported positively on the quality and relevance of ITC services, and among corporate events, he picked out the World Export Development Forum and the World Trade Promotion Organization Conference.

28. Turning to delivery in 2011, Mr. Paugam said the first five months had shown growth compared to 2010 and the organization was on track to meet its targets by the end of the year (10% growth). Looking specifically at large programmes, which accounted for 55% of delivery so far this year, 45% of the total allotted for the full year had been implemented, which was 98% of what was planned. The Deputy Executive Director also noted a steady improvement in productivity.

29. He reported steady progress in making ITC projects RBM compliant, but described a number of problems and challenges to be confronted. One of these was that the more mature projects had a stronger focus on activities and outputs compared to more recent projects, and particularly the larger programmes, that were focused on outcomes and impacts. He said there was a need to standardize the various indicators being used to measure outputs and outcomes, harmonize reporting and find ways to aggregate results at the corporate level, including through the development of an automated process.

30. An important element in the process of improving quality performance was building project management capacities in the organization. To do this a mandatory training programme on project design and management was being elaborated for ITC professionals. At the same time ITC was strengthening its engagement with a number of stakeholder groups, including donors, regional representatives, LDC ambassadors and regional economic communities.

Presentation of Financial Update by Ms. Eva K. Murray, Director, Division of Programme Support

31. Ms. Murray presented a report on ITC's financial situation, showing the position at 31 May 2011, and where applicable, projections for the period June to December 2011. She illustrated the evolution of ITC's financial resources over four biennia, from 2004-2005 to 2010-2011. In the period, total resources had increased from US\$ 124.2 million to US\$ 166.3 million. The regular budget had grown from US\$ 51.8 million to US\$ 74.6 million, and extrabudgetary funding from US\$ 72.3 million to US\$ 91.7 million. Ms. Murray noted, however, that exchange rate fluctuations over the period meant that while the data appeared to show regular increases in the regular budget, in real terms, regular budget resources had been relatively steady, with limited real increases except in the current biennium, when ITC received eight additional continuing posts and funding for two temporary posts.

32. Ms. Murray said projected expenditure for 2010-2011 was for US\$ 74.4 million under the regular budget and US\$ 82.3 million in extrabudgetary funding, for a total of US\$ 156.7 million. She noted that the regular budget covered management and programme implementation, administration, the physical infrastructure and staff costs – which amounted to approximately 80% of the total. Looking at the financial position for the regular budget at 31 May, 2011, she said the year started with a carry-over of US\$ 42.8 million from 2010 the first year of this bi-ennium. At 31 May, US\$ 16.8 million of this had been spent, and it was anticipated that 97% would be spent by the end of the year.

33. Extrabudgetary funds fell into two categories, or 'windows'. Window I funds are provided by approximately 10 donors, are pooled and used for a variety of projects supporting trade-related technical assistance. Of the US\$ 16 million available under Window I in 2011, US\$ 6.5 million had been spent as of 31 May. Regarding Window II, this included bilateral agreements, for example with the European Union or individual donor countries, and multi-donor trust funds, revolving funds and funding of associated exports, among others. Of the US\$ 39.5 million available this year, US\$ 14.8 million had been spent as of 31 May.

34. Ms. Murray said there had been a positive trend in delivery of technical assistance over the years, with an increase from US\$ 28.3 million in 2006, to US\$ 39.2 million in 2010, and the total was projected to reach US\$ 43.1 million net this year.

35. Ms. Murray also discussed the ITC operating reserve, for which there was a statutory target of 15% of annual Trust Fund expenditure, which would amount to some US\$ 5.94 million in 2011. However projections indicated that the organization would not meet the target this year and only achieve a level of US\$ 4.2 million, or 10.6% by 31 December, although slow progress toward the target has been achieved since 2007.

General discussion

36. 36 countries made interventions of a general nature. They expressed their condolences to the Executive Director, Mrs. Patricia Francis, on her bereavement.

37. The JAG had a strong consensus in commending ITC on its technical assistance programme and its progress on implementing results based management (RBM).

38. A majority of delegations expressed appreciation for the quality of the documentation prepared for the JAG and the excellent quality of translations and the fact that it had been translated and distributed to members in good time. Delegates said the Annual Report represented a significant advance on the previous year in terms of communication with members. It was said to be comprehensive and focused on sustainable development and the MDGs, and demonstrated that ITC was on track in establishing a strategic approach to project design and delivery, and take a stronger analytical approach than before. ITC was to be commended for its ongoing efforts in delivering high-quality and demand-driven programming.

39. Some donor country delegates expressed the view that there could be a stronger aggregate overview linking specific projects to overarching strategic objectives, a sharper assessment of results and outcomes and demonstration of value for money. Several said they believed development of an improved corporate logical framework would improve reporting.

40. Delegates broadly welcomed progress made in the development of a results-based management approach to project development and delivery, and also the introduction of quality assurance mechanisms. This would contribute to enhancement of ITC's performance. There was a dynamic discussion on the appropriate level of emphasis on outcomes versus impacts in ITC's reporting.

41. There was consensus among delegates in applauding ITC's increased focus on delivery to the most vulnerable countries – the LDCs, LLDCs, SIDS and sub-Saharan Africa. Some delegates from countries in other regions not falling into these categories expressed the hope that donors would not forget their needs for ITC's support. Concern was also expressed by some delegates that certain regions – Latin America, the Caribbean and Eastern Europe and Central Asia – continued to attract few resources.

42. There was discussion of the impact of the Arab Spring on the work of ITC, and delegates said they believed the changes in progress would make the work of the agency in helping countries rebuild their economies, and make the transition to democracy and competitive market conditions, even more important.

43. There was a call for ITC to follow-up to the LDC-IV conference in Istanbul. Several countries commended ITC for organizing the WEDF parallel to the LDC-IV with a focus on tourism, the private sector and poor communities. There were calls for ITC to concentrate more on the services sector.

44. Many delegates from beneficiary countries described ITC activities in their countries, and expressed the hope that the agency would continue to support them. All of the countries involved in the EnAct programme spoke about its importance and positive impact, expressing the hope that the main donor, Canada, would continue to support it and that its activity would intensify.

45. Delegates referred to the Aid for Trade agenda, and the forthcoming Third Aid for Trade Global Review. Some donor countries said ITC was one of their most important partners in Aid for Trade. The review meeting would provide an opportunity to define good practice for integrating the poorest countries into the global trading system. ITC's role is to give the private sector a voice. Aid for Trade in Africa should also support organized regional markets and regional economic organizations. In LDCs, Aid for Trade should look at upstream aspects of the value chain, including productive capacity, supply and infrastructure.

46. Many countries emphasized the continuing importance of ITC's work in mainstreaming gender into its activities at headquarters and in the field, welcoming the launch of the Women and Trade programme. For some donors this was a key element in ITC's work programme.

47. There was continued emphasis on the importance of close working relationships with all stakeholders, in particular with partner countries, and appreciation was expressed in this regard. One delegate said that as a small agency with a broad client base, partnership was critical. Fostering partnerships between governments and the private sector was also an important part of ITC's work.

Announcement of contributions to the ITC trust Fund

48. After the general discussion concluded, donors were invited to announce contributions to the ITC Trust Fund. The following announcements were made.

Denmark	DKr 13 million
Canada	Can\$ 950,000 (separate to PACT II is Can\$ 20 million, ENACT, Can\$ 9.15 million, Paltrade)
Germany	€1.9 million
Sweden	SKr 120 million over 4 years from 2009 (un-earmarked)
Norway	NKr 15 million (same as 2010).
Finland	ITC is one of most important multilateral partners for A4T. €1.8 million. Not yet able to make commitments for 2012 and 2013 due to change in government but sure that partnership will continue.
Switzerland	Will involve ITC in SECO's programmes in EECA and North Africa, sub-Saharan Africa and Viet Nam for a total of SwF 5.5 million
China	Cooperation in training and marketing of African cotton products. 2011 China has already disbursed contribution to ITC. In 2012 China will also make a contribution to ITC.

Management response

49. At the end of the session, Mr. Paugam and the senior management team responded to specific comments and questions raised by delegates.

50. Mr. Paugam expressed his thanks to delegates for the strong messages of support received for the work of the organization. He also welcomed the strategic direction and guidance received and thanked donors for their financial contribution to the ITC trust fund.

51. Mr. Paugam said that ITC understood a first key message from delegates was the need to remain focused on LDCs and integrate the Istanbul plan of action into the ITC programme of work. Secondly, ITC needs to remain reactive to changes affecting developing countries' economies both from the political and economic global landscape.

52. On trade in services, he said ITC is developing further internal thinking on the strategic approach to this area, building on work that has already been conducted within projects.

53. Partnerships remain an important tool for technical assistance and ITC remains committed to strengthening partnerships such as the CEB Cluster, the One UN initiative and the EIF, and to reinforce partnerships with regional organizations.

54. On RBM, ITC welcomed the support of delegations and noted that the organization is currently in the implementation phase of RBM, with an emphasis not only on establishing procedures but ensuring that RBM is embedded in the 'mind' of the organization. ITC needs to make progress on outcome measurement and aggregation of results, risk management, automating reporting and harmonizing indicators. Although the improved corporate logical framework will be in operation from 2014, the agency will not wait until then for these important shifts to occur. ITC works with the support of OIOS and the Board of Auditors in designing and implementing risk management procedures.

55. Ms. Aicha Pouye, the Director of the Division of Business and Institutional Support, presented ITC's gender mainstreaming project and highlighted ongoing activities to ensure that gender is reflected in the work of the organization.

56. Ms. Pouye also highlighted the work of ITC in establishing the new TPO in Mali and assured the JAG of ITC's ongoing support in training the personnel of APEX and assisting the organization to develop services that will support the Malian private sector.

57. Responding to a call from OIF to increase ITC's contribution to joint projects, Ms. Pouye said that from 2011-2013 joint projects will be delivered on a cost-sharing basis, targeting South-south trade.

58. Ms. Murray responded to questions on LDC representation in ITC staffing. She stated that ITC is committed to increasing representation of under-represented member states, particularly from LDCs. ITC welcomes assistance in the identification of additions to the distribution list for vacancy notices and welcomes the delegates encouraging applications from qualified candidates.

59. On the client survey Mr. von Kirchbach, Director, Division of Country Programmes, highlighted this as an important part of ITC culture and illustrated ways in which analysis of survey results contributes to the design of regional strategies and helps the organization to keep abreast of client needs.

60. Two panel discussions were also held on "Trade capacity for acceding LDCs" and "LDC IV follow-up: best practices in tourism-related project formulation".

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